



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

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Fifth District

June 7, 2010

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

ONGOING AND ONE-TIME FUNDING SOURCES

On March 23, 2010, on motion of Supervisor Antonovich, your Board directed the Chief Executive Officer (CEO) to review all viable options of ongoing and one-time savings, and report back to the Board during Budget Deliberations. In addition, on September 22, 2009, on motion of Supervisor Antonovich, your Board directed the CEO to identify all ongoing services and programs that currently rely on one-time funding sources; and develop a plan to migrate those services and programs to ongoing funding sources, if the need for those services and programs is truly ongoing. This memo addresses both Board motions.

Options of Ongoing and One-time Savings

In preparing our recommendations for the 2010-11 Proposed Budget, our Office used a combination of ongoing and one-time budget solutions to close a projected net County Cost (NCC) budget gap of \$510.5 million. These solutions included ongoing departmental curtailments and revenues, and one-time use of County reserves set aside for a "rainy day" and capital projects, and Labor-Management savings.

As you know, we continue to meet with County labor unions to negotiate one-time salaries and benefits savings of \$115.0 million. We will keep your Board updated on the status of negotiations with the labor unions.

"To Enrich Lives Through Effective And Caring Service"

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Services and Programs Using One-Time Funding Sources

In response to Supervisor Antonovich's September 22, 2009 motion, the 2009-10 Adopted Budget included \$115.5 million in funding from one-time County reserves. This funding, along with ongoing departmental budget curtailment, was used to offset cost increases and revenue losses in areas such as General Relief, CalWORKs, and In-Home Supportive Services caseload increases, a reduction in the Sheriff's curtailment to retain jail beds, and property taxes, sales tax, and recorder fee reductions. We believe that the use of these one-time reserves for program increases and revenue losses is related to the cyclical nature of the economic downturn and therefore, could be considered one-time or short-term in nature. Since the recession is unlikely to be an ongoing economic condition, we recommended using one-time reserves to address these requirements until the economy recovers.

We will continue to be prudent and fiscally responsible in the use of one-time funding solutions to address budget gaps, and ensure that we do not spend beyond our means by funding ongoing costs with ongoing revenues. As the economy recovers and in compliance with County policy, we will replenish the reserves once the County's budget situation improves.

If you have any questions, please contact me, or your staff may contact Sid Kikkawa, Acting Senior Assistant Chief Executive Officer at (213) 974-6872.

WTF:SK:CA:yjf

c: Executive Office, Board of Supervisors
County Counsel